

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

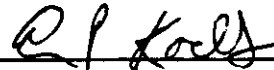
RESPONSE OF POSTAL SERVICE WITNESS VAN-TY-SMITH
TO AOL/TW INTERROGATORIES AOL-TW/USPS -T7-13 -7 - 8
(November 14, 2001)

The United States Postal Service hereby provides the response of witness Van-Ty-Smith to the following interrogatories of AOL/Time Warner: AOL-TW/USPS-T13-7 - 8, filed on October 31, 2001. Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:



Eric P. Koetting

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2992; Fax -5402
November 14, 2001

**RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS
VAN-TY-SMITH TO AOL/TIME WARNER INC.**

AOL-TW/USPS-T13-7 Please refer to your response to interrogatory TWIUSPS-T17-18 in Docket No. R2000-1, Tr. 15/6621-24, and to your distribution in this docket of mail processing costs in Non-MODS facilities,

- a. Please confirm that the methodology you propose for distributing Non-MODS costs in this case is identical to the one you proposed in R2000-1. If not confirmed, please explain all differences.
- b. Please confirm that except for tallies with activity code 6521, representing break-time, you assign all other mail processing Non-MODS tallies to cost pools based on the Question 18 and Question 19 answers stored in fields F128, F9211, F116, F118 and F121 of the IOCS data, plus the uniform operation codes stored in F260. If not confirmed, please explain in detail.
- c. Please confirm that, as in R2000-1, you assign all break-time tallies to a separate cost pool, named "Z BREAKS", and that you do not use any of the recorded Question 18 or Question 19 data, or operation code data, to distribute the break-time costs. If not confirmed, please explain fully.
- d. In Docket R2000-1 you prepared, in response to TW/USPS-T17-18, an alternative distribution of Non-MODS costs that assigned break-time tallies to cost pools in the same way that it assigns all other tallies. Please perform a similar alternative distribution of Non-MODS costs to subclasses and special services, using the BY2000 IOCS data. Please present the results in a manner similar to that you used in R2000-1.

Response to AOL-TW/USPS-T13-7

- a. Confirmed.
- b. Confirmed.
- c. Confirmed.
- d. See the attached tables. Table 1 shows a comparison of the distributed ZBREAKS costs to Non-MODS cost pools between the two methods. Table 2 shows a comparison of the Non-MODS volume-variable mail processing costs for subclasses and special services between the two methods.

Response to AOL-TW/USPS-T13-7d - Table 1. Base Year 2000 data

| | Distributed ZBREAKS Costs | | Total Pool Costs excl. activ=6522 (Clocking in/out) | Total Pool Costs incl. activ=6522 (Clocking in/out) |
|-----------------------|---|--|---|--|
| | Proportional Distribution of Zbreaks (USPS Method) | Method Described in TW-T13-7d Interrogatory | Proportional Distribution of Zbreaks (USPS Method) | Method Described in TW-T13-7d Interrogatory |
| Non-MODS Pools | | | | |
| ALLIED | 61,319 | 37,781 | 696,205 | 672,667 |
| AUTO/MEC | 16,121 | 15,280 | 183,028 | 182,187 |
| EXPRESS | 2,180 | 269 | 24,753 | 22,842 |
| MANF | 50,788 | 53,044 | 576,640 | 578,895 |
| MANL | 69,461 | 98,536 | 788,643 | 817,718 |
| MANP | 16,094 | 17,009 | 182,731 | 183,646 |
| MISC | 26,738 | 22,654 | 303,574 | 299,490 |
| REGISTRY | 4,219 | 2,348 | 47,900 | 46,029 |
| Total Mail Processing | 246,920 | 246,920 | 2,803,474 | 2,803,474 |
| | | | 2,843,598 | 2,843,598 |

Response to AOL-TW/USPS-T13-7d - Table 2. Base Year 2000 data

| BY00 Non-MODS Mail Processing Volume-Variable Costs, incl. Clocking in/Out | | | | |
|--|---|--|--------------|--------------|
| Subclasses | Based on Proportional Distribution of Zbreaks (USPS Method) | Based on Method Described in TW-T13-7d Interrogatory | Difference | Percent |
| | (a) | (b) | (b)-(a) | (b-a)/a |
| First-Class Mail: | | | | |
| Single Piece Letters | 1,053,770 | 1,062,827 | 9,057 | 0.86% |
| Presort Letters | 318,318 | 319,681 | 1,363 | 0.43% |
| Single Piece Cards | 36,065 | 36,682 | 617 | 1.71% |
| Presort Cards | 10,436 | 10,605 | 169 | 1.62% |
| Total First | 1,418,589 | 1,429,795 | 11,206 | 0.79% |
| Priority Mail | 142,720 | 141,717 | (1,003) | -0.70% |
| Express Mail | 18,364 | 17,559 | (805) | -4.38% |
| Periodicals | | | | |
| In-County | 6,259 | 6,225 | (34) | -0.55% |
| Outside County | 162,460 | 161,302 | (1,158) | -0.71% |
| Total Periodicals | 168,718 | 167,527 | (1,192) | -0.71% |
| Standard Mail (A) | | | | |
| Enhanced Carrier Route | 99,040 | 97,532 | (1,508) | -1.52% |
| Regular | 637,881 | 640,379 | 2,498 | 0.39% |
| Total Standard (A) | 736,921 | 737,911 | 990 | 0.13% |
| Standard Mail (B) | | | | |
| Parcels Zone Rate | 45,185 | 44,724 | (461) | -1.02% |
| Bounded Printed Matter | 30,560 | 30,317 | (243) | -0.80% |
| Media Mail | 13,494 | 13,497 | 3 | 0.02% |
| Total Standard (B) | 89,239 | 88,538 | (701) | -0.79% |
| US Postal Service | 27,710 | 27,075 | (635) | -2.29% |
| Free Mail | 645 | 671 | 25 | 3.93% |
| International Mail | 15,003 | 14,760 | (243) | -1.62% |
| Special Services | | | | |
| Registry | 5,260 | 5,052 | (208) | -3.95% |
| Certified | 13,936 | 12,844 | (1,092) | -7.84% |
| Insurance | 88 | 81 | (7) | -7.84% |
| COD | 434 | 400 | (34) | -7.83% |
| Other Services | 10,841 | 9,992 | (850) | -7.84% |
| Total Special Services | 30,558 | 28,369 | (2,190) | -7.17% |
| Total | 2,648,469 | 2,653,921 | 5,452 | 0.21% |

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AOL-TWIUSPS-T13-8 Please refer to the field named F114 in the IOCS dataset.

- a. Please confirm that for the MODS mail processing tallies, F114 contains the 3-digit MODS number based on which you assign tallies to cost pools.
- b. Please confirm that the majority of Non-MODS and BMC mail processing tallies also contain 3-digit codes in F114.
- c. Are the 3-digit codes found in F114 on most Non-MODS and BMC tallies recorded by the IOCS clerks? If no, how were they generated? If yes, based on what instructions were these numbers recorded?
- d. Please explain the meaning of each 3-digit number found in field F114 of Non-MODS tallies. Please also provide any written documentation explaining the meaning of these numbers.
- e. Please explain the meaning of each 3-digit number found in field F114 of BMC tallies. Please also provide any written documentation explaining the meaning of these numbers.

Response to AOL-TWIUSPS-T13-8

- a. Confirmed.
- b. Confirmed.
- c. Yes. Please refer to Chapter 11, pages 11-1 to 11-3 of Handbook F-45 filed in USPS-LR-I-14 in Docket No. R2000-1.
- d. See response to c. From the instructions in the F-45 handbook, the operation code in field F114 represents the operation number (if any) into which the employee is clocked at the time of the reading. I am not aware of any written documentation providing standardized definitions of the operations numbers for offices outside the MODS system. Consequently, the Postal Service methodology does not use or rely on the 3-digit codes

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recorded in field F114 to partition the tallies into components and cost pools for the Non-MODS facilities.

- e. See response to c. The Postal Service methodology does not use or rely on the 3-digit codes recorded in field F114 to partition the tallies into components and cost pools for the BMC's. It is my understanding that the definitions of the operation numbers used at BMCs generally differ from the MODS definitions and may further vary from office to office. For further details, please refer to Postal Service's response in Docket No. R97-1 to DMA/USPS-T14-34 (redirected from witness Bradley), Tr. 19B/8719-23, and the Postal Service's responses to the follow-ups to that response, DMA/USPS-2 - 10, Tr. 19B/8677-87.

DECLARATION

I, Eliane Van-Ty-Smith, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

Eliane Van Ty Smith

Dated: 11-13-01

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.



Eric P. Koetting

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Washington, D.C. 20260-1137
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